



**RUGGLES TOWNSHIP
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RUGGLES TOWNSHIP
ASHLAND COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Ruggles Township
Ashland County
419 County Road 1183
Nova, Ohio 44859

To the Board of Trustees:

We have audited the accompanying financial statements of Ruggles Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Ruggles Township
Ashland County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 16, 2001

**RUGGLES TOWNSHIP
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$12,272	\$58,116		\$70,388
Intergovernmental	25,922	64,510	\$153,133	243,565
Licenses, Permits and Fees	2,875	1,081		3,956
Earnings on Investments	996	208		1,204
Miscellaneous	306	3,897		4,203
Total Cash Receipts	<u>42,371</u>	<u>127,812</u>	<u>153,133</u>	<u>323,316</u>
Cash Disbursements:				
Current:				
General Government	45,183			45,183
Public Safety		9,679		9,679
Public Works	432	84,820		85,252
Health	652	839		1,491
Capital Outlay			153,133	153,133
Debt Service:				
Redemption of Principal		5,606		5,606
Interest and Fiscal Charges		715		715
Total Cash Disbursements	<u>46,267</u>	<u>101,659</u>	<u>153,133</u>	<u>301,059</u>
Total Cash Receipts (Under)/Over Cash Disbursements	<u>(3,896)</u>	<u>26,153</u>	<u>0</u>	<u>22,257</u>
Fund Cash Balances, January 1	<u>7,508</u>	<u>43,852</u>	<u>0</u>	<u>51,360</u>
Fund Cash Balances, December 31	<u>\$3,612</u>	<u>\$70,005</u>	<u>\$0</u>	<u>\$73,617</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The notes to the financial statements are an integral part of this statement.

**RUGGLES TOWNSHIP
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$10,247	\$52,935	\$63,182
Intergovernmental	24,308	64,391	88,699
Licenses, Permits and Fees	2,820	694	3,514
Earnings on Investments	1,035	85	1,120
Miscellaneous	410	4,328	4,738
	<u>38,820</u>	<u>122,433</u>	<u>161,253</u>
Total Cash Receipts			
	<u>38,820</u>	<u>122,433</u>	<u>161,253</u>
Cash Disbursements:			
Current:			
General Government	47,416		47,416
Public Safety		8,938	8,938
Public Works	432	108,418	108,850
Health	643	272	915
Debt Service:			
Redemption of Principal		5,606	5,606
Interest and Fiscal Charges		1,073	1,073
	<u>48,491</u>	<u>124,307</u>	<u>172,798</u>
Total Cash Disbursements			
	<u>48,491</u>	<u>124,307</u>	<u>172,798</u>
Total Cash Receipts (Under) Cash Disbursements	(9,671)	(1,874)	(11,545)
Fund Cash Balances, January 1	<u>17,179</u>	<u>45,726</u>	<u>62,905</u>
Fund Cash Balances, December 31	<u>\$7,508</u>	<u>\$43,852</u>	<u>\$51,360</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The notes to the financial statements are an integral part of this statement.

**RUGGLES TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ruggles Township, Ashland County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including the maintenance of Township roads, bridges and cemetery, and fire protection and emergency medical services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax receipts for constructing, maintaining, and repairing Township roads.

Gasoline Tax Fund - This fund receives gasoline tax receipts for maintaining and repairing Township roads.

**RUGGLES TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital projects fund.

Issue II Fund - The Township received a grant from the State of Ohio to rebuild Township roads.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave is not reflected as liabilities under the basis of accounting used by the Township.

**RUGGLES TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$58,070	\$36,305
Certificates of deposit	<u>15,547</u>	<u>15,055</u>
Total deposits	<u><u>\$73,617</u></u>	<u><u>\$51,360</u></u>

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 43,000	\$ 42,371	\$ (629)
Special Revenue	114,012	127,812	13,800
Capital Projects	<u>153,133</u>	<u>153,133</u>	<u>0</u>
Total	<u><u>\$ 310,145</u></u>	<u><u>\$ 323,316</u></u>	<u><u>\$ 13,171</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 46,662	\$ 46,267	\$ 395
Special Revenue	158,327	101,659	56,668
Capital Projects	<u>153,133</u>	<u>153,133</u>	<u>0</u>
Total	<u><u>\$ 358,122</u></u>	<u><u>\$ 301,059</u></u>	<u><u>\$ 57,063</u></u>

**RUGGLES TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 37,449	\$ 38,820	\$ 1,371
Special Revenue	<u>128,592</u>	<u>122,433</u>	<u>(6,159)</u>
Total	<u>\$ 166,041</u>	<u>\$ 161,253</u>	<u>\$ (4,788)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 54,638	\$ 48,491	\$ 6,147
Special Revenue	<u>151,595</u>	<u>124,307</u>	<u>27,288</u>
Total	<u>\$ 206,233</u>	<u>\$ 172,798</u>	<u>\$ 33,435</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$5,606	6.40%

The general obligation note was issued in 1997 for the purchase of a Case Backhoe. The remaining note including \$358 interest, will be paid during 2001.

**RUGGLES TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township is a member of the Ohio Government Risk Management Plan (the Plan). The Plan is an unincorporated non-profit association of its members for the purpose of providing its members a jointly administered self-insurance program. The Plan assumes the risk of loss minus the Township's deductible contribution. The following risks are covered by the Plan:

- Comprehensive property and general liability
- Vehicles
- Public officials' liability

The Township also provides health insurance coverage to full-time employees through a private carrier.

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Ruggles Township
Ashland County
419 County Road 1183
Nova, Ohio 44859

To the Board of Trustees:

We have audited the accompanying financial statements of Ruggles Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 16, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 16, 2001.

Ruggles Township
Ashland County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 16, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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RUGGLES TOWNSHIP

ASHLAND COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 15, 2001**